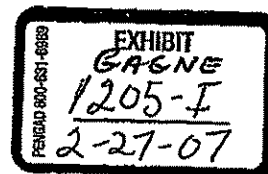


EXHIBIT 18



STUDENT FINANCE CORPORATION

RECEIVED FEB 25 2000



February 23, 2000

Mr. Kevin Boyer
Wilmington Trust Company
795 E. Lancaster Ave, Ste. 6
Villanova, PA 19085

RE: 1998 Financial Statement and Subsequent Events

Dear Kevin,

I have enclosed a copy of Student Finance Corporation's ("SFC") 1998 audited financial statement. I discuss certain aspects of it hereunder.

Net Income (Loss)

SFC's 1998 net loss was (\$829,547). However, SFC's operating income was \$1,023,634. The net loss was attributable to a non-recurring write-off of \$1,853,181 in balances due from a now defunct bank.

Moreover, SFC had \$1,868,000 of unearned discount in 1998, from loans that SFC originated, but did not securitize. If SFC had been able to recognize the discount as income, SFC's operating income would have been \$2,891,634 and its net income would have been \$1,038,453.

Net Worth

SFC's 1998 net worth was (\$3,448,184). This deficit was partly attributable to shareholder distributions of \$2,537,500 in 1998 and \$1,173,975 in 1997. SFC is an S corporation. It makes shareholder distributions for tax purposes instead of recognizing provisions for income taxes. SFC made distributions in 1998 and 1997 based upon preliminary financial statements before the 1998 audit was completed.

In February 2000, SFC sold 12% of its common stock to various individuals and trusts in return for an equity investment of \$6,000,000. The sale was fully funded as of February 11, 2000.

SFC sold common stock to demonstrate that it has the capability to raise equity financing on short notice and to signal SFC's commitment to its long term business plan. SFC did

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not need equity for cash flow, nor did it need equity to satisfy its external auditors. SFC intends to repurchase the stock in 2000.

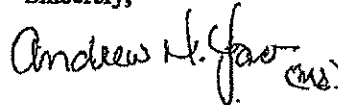
Formation of Separate Servicing Company

Effective March 1, 2000, SFC will spin-off its loan servicing operations into a new business entity, Student Loan Servicing LLC ("SLS"). SLS will have initial capitalization of \$1,000,000. SLS will contract with SFC and its related entities to service student loans originated by SFC. SLS will be an independently owned company, bankruptcy remote from SFC.

SFC thinks that this restructuring will make loan servicing more effective and facilitate future access to capital debt markets.

Please contact me with any questions you may have. Thank you.

Sincerely,

A handwritten signature in dark ink, appearing to read "Andrew N. Yao" followed by a small circular mark containing the letters "ms".

Andrew N. Yao

ANY/ms

CC: Mr. John Loofbourrow

PH 027432